

株式会社

良品計画

RYOHIN KEIKAKU CO., LTD.

**Fiscal Year Ended Feb 2017  
(FY2016)  
Business Results Briefing**

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**Satoru MATSUZAKI  
President & Representative Director**

**April 13, 2017**

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# Agenda

- 1. Financial Summary**
- 2. Performance by Region**
- 3. Result of Current Annual & Mid-Term Plans**
- 4. New Mid-Term Business Plan**
- 5. Plan for FY17**



# 1. Financial Summary

# FY16 Overview [Consolidated]

## Third & Final year of Mid-term Business Plan of Ryohin Keikaku Group:

**Revenue**                    **JPY 333,281M 108.4% YoY**  
**Operating Profit**       **JPY 38,278M 111.1% YoY**

- **Revenue:** Sales were stable in Japan. Other regions continued to grow in all channels, including existing stores. Mid-term sales target of JPY 300 billion for the Group, including JPY 100 billion outside Japan, was achieved one year ahead of plan. The Group has now generated 14 consecutive periods of growth.
- **OP:** Profitability improved in Japan by JPY 4.8 billion year on year, which contributed to raising the group total by JPY 3.8 billion.
- **Business outside Japan:** Stronger yen compared to the prior year eroded revenue by JPY 17.6 billion and profit by JPY 3.3 billion in consolidation currency.

# Income Statement [Consolidated]

- Record high profit by 14 consecutive periods of revenue growth & 6 consecutive periods of profit growth.

FY16 Actual	JPY M	% to Sales	YoY	% to Plan
Net Sales	332,581	100.0%	108.3%	98.9%
GP & Operating Revenue	165,861	49.9%	110.2%	100.6%
S.G.A.	127,583	38.4%	110.0%	100.5%
Operating Profit	38,278	11.5%	111.1%	100.7%
Ordinary Profit	38,582	11.6%	118.0%	101.5%
Net Income	25,831	7.8%	118.9%	106.4%

- **Net sales:** Results below plan. East Asia showed signs of slowdown. Higher yen than planned rate reduced the value outside Japan upon conversion to the yen.
- **GP & Op. Revenue:** Percentage to net sales (49.9%) increased year on year by 0.9 points. While gross profit ratio outside Japan remained unchanged, purchase costs decreased in Japan due to the strong yen.

# Selling, General & Administrative Expenses [Consolidated]

## ■ % to Sales +0.6 points year on year

FY16	JPY M		% to Sales	
	Actual	YoY	Actual	YoY diff
Net Sales	332,581	108.3%	100.0%	-
+Advertising	5,174	102.5%	1.6%	-0.1%
+Logistics	13,468	115.2%	4.0%	+0.2%
+Personnel	43,367	113.1%	13.0%	+0.6%
+Rent & Lease	32,397	104.9%	9.7%	-0.3%
+Depreciation	8,341	108.9%	2.5%	0.0%
+Others	24,832	111.0%	7.5%	+0.2%
<b>S.G.A. Total</b>	<b>127,583</b>	<b>110.0%</b>	<b>38.4%</b>	<b>+0.6%</b>

- **S.G.A. Total:** 38.4% to net sales and +0.6 points year on year, due to increase in logistics costs, worldwide store renovations, etc.
- **Logistics:** +15.2 points in amount and +0.2 points in % to net sales year on year, due to increased sales to FamilyMart Group convenience stores in Japan and the relocation of our distribution center in Europe.

# Balance Sheet [Consolidated]

## ■ Total assets +7% vs. prior fiscal year

	2016/02		2017/02		
	JPY M	%	JPY M	%	Change%
Cash & Deposits	43,692	22%	38,555	18%	-12%
Inventories	56,930	28%	72,672	34%	+28%
Other Current Assets	18,924	9%	20,207	9%	+7%
Fixed Assets	81,371	40%	83,269	39%	+2%
<b>Assets Total</b>	<b>200,919</b>	<b>100%</b>	<b>214,705</b>	<b>100%</b>	<b>+7%</b>
Liabilities	57,746	29%	57,686	27%	-0%
<b>Net Assets</b>	<b>143,173</b>	<b>71%</b>	<b>157,018</b>	<b>73%</b>	<b>+10%</b>

- **Inventories:** +28% vs. prior fiscal year, including +34% in Japan.
- **Liabilities:** Same level as prior fiscal year, but most items now classified as current.



## **2. Performance by Region**



# FY16 Overview [Japan]

MUJI, Café&Meal, Campsite, MUJI HOUSE, IDÉE

**Revenue** JPY 215,716 M 108.7% YoY  
**Operating Profit** JPY 21,953 M 128.7% YoY

- **Customer No.:** Swung to growth for the first time since FY13 at 100.3% year on year for like-for-like stores. Small items such as Health & Beauty and confectionery sold well.
- **Online sales:** 111.6% year on year, due to increase in Household and Food. Services such as purchase online > pick up at stores gaining momentum.
- **Café&Meal:** One location closed, but sales maintained at prior year levels.
- Stagnation due to consumption tax increase ended; revenue grew in both housing and IDÉE businesses.

※海外販社数値はセグメント開示基準に基づく（内部取引消去後、持分法適用会社除く）

# Income Statement [Japan]

- **JPY 4.8 billion growth in operating profit pushed up growth as group by JPY 3.8 billion**

FY16	JPY M			% to Sales		
	Actual	YoY	% to Plan	Actual	Diff vs YoY	Diff vs Plan
Operating Revenue	<b>215,716</b>	<b>108.7%</b>	<b>99.2%</b>	-	-	-
Gross Profit	<b>96,836</b>	<b>113.4%</b>	<b>101.8%</b>	<b>44.9%</b>	<b>+1.9%</b>	<b>+1.2%</b>
S.G.A.	<b>74,883</b>	<b>109.6%</b>	<b>100.2%</b>	<b>34.7%</b>	<b>+0.3%</b>	<b>+0.3%</b>
Operating Profit	<b>21,953</b>	<b>128.7%</b>	<b>107.6%</b>	<b>10.2%</b>	<b>+1.6%</b>	<b>+0.8%</b>

- **Revenue:** First half year results achieved plan despite challenging target; second half year below expectation.
- **GP:** Percentage to sales increased due to cost decreases and forex gains from stronger yen.

# Net Sales: Like-for-Like (LFL) Directly Managed Stores [Japan]

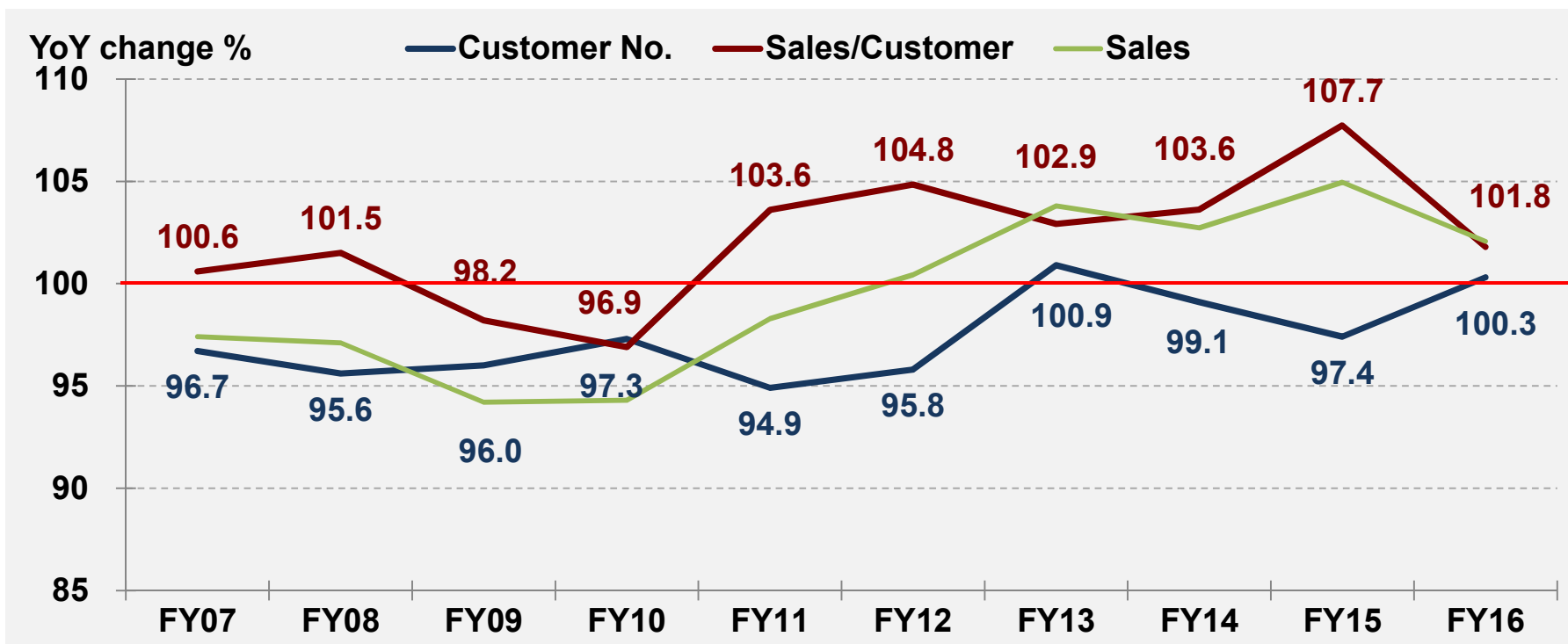
## ■ MUJI stores: 5 consecutive periods of growth

	YoY sales growth	1st Half	2nd Half		FY16 Total
			3Q	4Q	
Apparel	98.5%	99.1%	97.5%	98.3%	98.4%
Household	106.6%	104.8%	100.4%	102.2%	104.2%
Food	104.2%	111.9%	99.0%	105.0%	104.8%
LFL/DM Stores Total	103.3%	103.1%	99.3%	101.0%	102.1%
No. of Customers	98.7%	104.0%	99.7%	101.9%	100.3%
Sales per Customer	104.7%	99.1%	99.6%	99.1%	101.8%

- Like-for-Like Stores +2.1% due to increase in Household, small items in particular.
- Slow down in Apparel throughout the year. Sales of regular items (such as innerwear and socks) at the end of season need improvement.
- Both number of customers and sales per customer swung positive due to increases in Food and other daily necessities.

# Customer Analysis: Like-for-Like Directly Managed Stores [Japan]

## ■ MUJI stores: YoY change in Customer No. & Sales per Customer



Year-on-year growth through FY15 was driven by sales per customer increases along with expansion of MUJI Selection items. FY16 was supported by recovery of customer visits.

# Number of Stores [Japan]

## ■ Net increase by 4 stores for MUJI \*including small-format stores

No. of stores by sales channel	End/FY15	FY16			End of Period
		1st Half	2nd Half	Total Net	
Directly managed stores *	<b>312</b>	<b>+11</b>	<b>+5</b>	<b>+16</b>	<b>328</b>
Licensed Stores *	<b>65</b>	<b>+2</b>	<b>0</b>	<b>+2</b>	<b>67</b>
Seiyu GK	<b>37</b>	<b>-9</b>	<b>-5</b>	<b>-14</b>	<b>23</b>
<b>MUJI in Japan Total</b>	<b>414</b>	<b>+4</b>	<b>0</b>	<b>+4</b>	<b>418</b>
<b>Café&amp;Meal</b>	<b>24</b>	<b>0</b>	<b>-1</b>	<b>-1</b>	<b>23</b>

- 21 stores opened including 3 small-level (MUJI com). Five closed due to shut down or redeployment of shopping centers.
- 14 stores inside Seiyu locations closed but six re-opened as directly managed stores (in Koriyama, Urayasu, Kichijoji, Himeji, Nagahama-Rakuichi, and Shunan)
- All MUJI com KIOSK businesses (established 1999) completely closed.

# Duty-Free Sales to Inbound Tourists [Japan]

## ■ 2nd year of duty-free sales expanded to 71 stores

FY16	DF Sales (JPY m)		No. of DF Customers		Unit Sales (JPY)
	Actual	Share %	Actual	Share %	
<b>Duty-free stores Total</b>	<b>4,595</b>	<b>8.5%</b>	<b>371,646</b>	<b>2.0%</b>	<b>12,365</b>

### (cf. Sales trends for first 39 duty-free stores)

FY16	DF Sales		No. of DF Customers		Unit Sales diff (JPY)
	YoY	Share% diff	YoY	Share% diff	
<b>Changes vs prior year</b>	<b>129.1%</b>	<b>+0.7%</b>	<b>186.6%</b>	<b>+1.0%</b>	<b>-5,594</b>

- Share of duty-free among sales in directly managed stores were 3.4% in like-for-like and 3.0% in total.
- Unit sales per customer continued to decrease after the minimum tax exemption amount was reduced in May 2016 (min. JPY 5,000). However, significant continuing increase in the number of customers.
- Share of duty-free sales exceeded 10% in cities with good access to airports such as Tokyo, Osaka, Kyoto, and Hakata. Duty-free sales in stores located outside metropolitan areas were lower.

# Awards [Japan]

## ■ Top 10 in Best Workplaces Japan 2017

Ryohin Keikaku ranked No. 10 in the large company category (1,000 employees or more) of Best Workplaces Japan 2017, as the result of a global standard survey by the Great Place to Work® Institute Japan\*.

\* The Great Place to Work® Institute Japan is an organization that researches and recognizes leading organizations in 50 countries/areas under a license granted from the Great Place to Work® Institute. The survey is the world's largest and most respected study of workplace excellence and people management practices.



## ■ No 19 in Japan's Best Global Brands 2017

MUJI ranked No. 19 in Japan's Best Global Brands by Interbrand Japan for the first time in 2017 after qualifying with more than 30% of its sales ratio overseas. The report ranks brands originating in Japan based on a method that converts the value of independent brands into a monetary value (same methodology used by global Interbrand assessments).

MUJI was recognized for cultivating a global customer base by understanding customer needs and proposing an attractive simple lifestyle.

## Other [Japan]

### ■ Wholesale of MUJI items to Circle K Sunkus convenience stores (since October 2016)

With the merger of Circle K Sunkus and FamilyMart, MUJI's sales capacity for this channel increased 1.5 times to 18,000 stores in total.

### ■ Project for Utilization of Local Resources: NIHON-SHU (Japanese saké) made from cooking rice

As part of Satoyama Trust since 2014 (farming conservation activity), we developed saké (rice wine) with the local community, marketed at limited stores under the name of NIHON-SHU. Unlike normal saké using brewer's rice, pure cooking rice was brewed with a yeast that brings out the true flavor of the saké, bottled undiluted and non-filtered.





# FY16 Overview [Outside Japan]

**Revenue**                    **JPY 117,563 M**    **107.8% YoY**  
**Operating Profit**    **JPY 15,740 M**    **92.4% YoY**

- Selling price reductions and material handling cost savings without affecting gross profit.
- Active investment in store renovations, staff recruitment and information systems aiming for future growth.
- Yen trended stronger than prior fiscal year. Sales and operating profit results devalued in all regions in consolidation currency, but increased in local currency: sales +24.1% (JPY 26.1 billion), operating profit +12.1% (JPY 2.0 billion) if compared in FY15 forex rate
- Like-for-Like sales for total outside Japan were 104.6% year on year in local currency.

# Number of Stores [Outside Japan]

## ■ Net Increase of 59 stores during the period

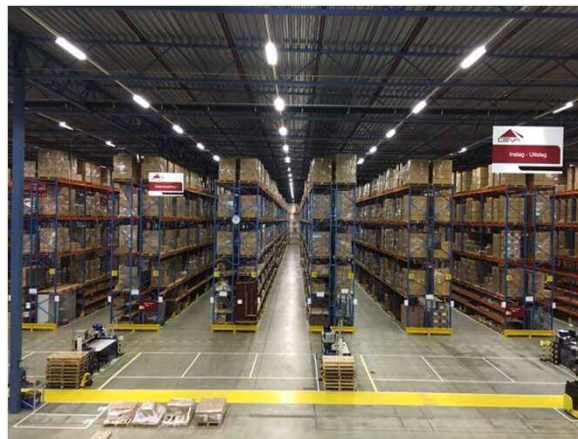
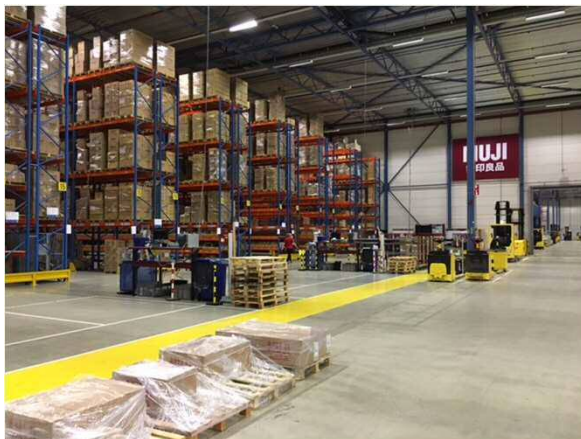
No. of stores by Region	End/FY15	FY16			End of period
		1st Half	2nd Half	Total Net	
East Asia	227	+18	+34	+52	279
Europe & Americas	72	-3	0	-3	69
Asia West/South & Oceania	45	+3	+7	+10	55
<b>Total outside Japan</b>	<b>344</b>	<b>+18</b>	<b>+41</b>	<b>+59</b>	<b>403</b>
<b>Café&amp;Meal outside Japan</b>	<b>9</b>	<b>0</b>	<b>+6</b>	<b>+6</b>	<b>15</b>

- 68 stores opened, nine closed; net increase of 59 stores.
- First stores opened in **Saudi Arabia** (May), **India** and **Bahrain** (August). Licensing terminated in **Norway** and **Turkey**.
- **Café & Meal**: Opened one store in Hong Kong, two in China, two in Taiwan, and one in Singapore. Total of 15 stores in operation as of fiscal year-end.

# European Distribution Center [Outside Japan]

## ■ Start up of new Distribution Center in Netherlands (May 2016)

Distribution Center relocated from U.K. to Roosendaal, Netherlands, aiming at better store supply and lower material handling costs in Europe. Decrease in actual delivery lead time to stores on the continent (representing two-thirds of European sales).



# East Asia

## ■ Sales continued to increase along with store openings

FY16	Revenue		Operating Profit	
	JPY M	YoY	JPY M	YoY
<b>East Asia</b>	<b>89,704</b>	<b>108.0%</b>	<b>16,454</b>	<b>95.3%</b>
<b>in FY15 forex rate</b>		<b>124.7%</b>		<b>113.4%</b>

Like-For-Like* (YoY)	China	Taiwan	Hong Kong	Korea	Total
	<b>1<sup>st</sup> Half</b>	<b>105.1%</b>	<b>102.5%</b>	<b>104.9%</b>	<b>119.5%</b>
<b>2<sup>nd</sup> Half</b>	<b>104.2%</b>	<b>98.2%</b>	<b>99.1%</b>	<b>104.6%</b>	<b>102.6%</b>
<b>Full Year</b>	<b>104.7%</b>	<b>100.7%</b>	<b>102.1%</b>	<b>111.4%</b>	<b>104.1%</b>

**\*Year-on-year growth rate of like-for-like store sales based on local currency**

- **[China]** Total number of stores reached 200. 42 stores opened during the period using standardized formats.
- **[Taiwan]** Sales in like-for-like stores stagnated, while sales at new stores and supply to convenience stores increased.
- **[Hong Kong]** Overall challenging market conditions, but store renovations and new store openings providing stronger promotion capabilities.
- **[Korea]** Record-breaking profit due to high sales in Apparel and cost structure review.

# Results in China [East Asia]

## ■ Revenue over JPY 50 billion in consolidation currency

FY16	Like-For-Like* (YoY)			Revenue	
	1st Half	2nd Half	Full Year	JPY M	YoY
<b>China</b>	<b>105.1%</b>	<b>104.2%</b>	<b>104.7%</b>	<b>54,952</b>	<b>110.5%</b>

\*Year-on-year growth ratio of like-for-like store sales based on local currency

- Steady growth of store sales, mainly in daily necessities, despite a change in consumer behavior.
- **Apparel:** Innerwear such as pajamas sold well in addition to men's and women's clothes.
- **Household:** Significant sales increase in furniture as a result of expanded in-store displays.
- **Food:** Significant growth in both sales and gross profit due to increase to 189 SKU items (+73 vs prior year). Main contributors were chocolate, marshmallow, and half-dry Japanese confectionery.

# Europe & Americas

## ■ Restructuring in progress in Europe, mainly France

FY16	Revenue		Operating Profit	
	JPY M	YoY	JPY M	Diff (JPY M)
<b>Europe &amp; Americas</b>	<b>17,603</b>	<b>102.8%</b>	<b>-852</b>	<b>-438</b>
<b>in FY15 forex rate</b>		<b>119.0%</b>		<b>-312</b>

Like-For-Like* (YoY)	UK	France	Italy	Germany	USA	Canada	Total
	<b>1<sup>st</sup> Half</b>	<b>101.0%</b>	<b>110.9%</b>	<b>110.1%</b>	<b>110.7%</b>	<b>108.6%</b>	
<b>2<sup>nd</sup> Half</b>	<b>105.8%</b>	<b>103.5%</b>	<b>98.2%</b>	<b>114.5%</b>	<b>88.4%</b>	<b>111.5%</b>	<b>100.3%</b>
<b>Full Year</b>	<b>104.6%</b>	<b>105.4%</b>	<b>103.2%</b>	<b>109.2%</b>	<b>96.8%</b>	<b>115.3%</b>	<b>103.7%</b>

**\*Year-on-year growth ratio of like-for-like store sales based on local currency**

- **[UK]** Sales grew during Christmas. Operating profit achieved target via cost savings.
- **[France]** Sales achieved plan despite terrorism. Cost control in progress.
- **[USA]** Accounting operations streamlined by implementing an integrated information system. However, inventory imbalances due to new store openings.
- **[Canada]** Sales exceeded plan with high profitability. More stores to open.
- **[Spain]** Renovation of local flagship store pushed sales toward profitability.

# Asia West/South & Oceania

## ■ Strong sales by renovating stores to “New Environment”

FY16	Revenue		Operating Profit		
	JPY M	YoY	JPY M	YoY	
<b>Asia West/South &amp; Oceania</b>	<b>10,256</b>	<b>115.1%</b>	<b>138</b>	<b>70.7%</b>	
<b>in FY15 forex rate</b>		<b>128.4%</b>		<b>126.0%</b>	
Like-for-Like* (YoY)	Singapore	Malaysia	Thailand	Australia	Total
<b>1<sup>st</sup> Half</b>	<b>118.7%</b>	<b>112.3%</b>	<b>117.8%</b>	<b>140.7%</b>	<b>119.6%</b>
<b>2<sup>nd</sup> Half</b>	<b>102.9%</b>	<b>118.1%</b>	<b>112.8%</b>	<b>128.3%</b>	<b>108.6%</b>
<b>Full Year</b>	<b>109.9%</b>	<b>111.8%</b>	<b>115.5%</b>	<b>131.7%</b>	<b>112.5%</b>

**\*Year-on-year growth ratio of like-for-like store sales based on local currency**

- **[Singapore]** Sales floor increased at major stores. Inventory successfully decreased during sales period. Café&Meal operation optimized at two locations.
- **[Malaysia]** Profit generated through stable sales in both new and like-for-like stores. Focus on staff recruiting and work standardization.
- **[Thailand]** Strong sales continued. Store renovations and new flagship stores under preparation.
- **[Australia]** Strong sales and cost savings resulted in profits. Sales floor increases in major store under preparation.



## **3. Result of Current Annual & Mid-term Plans**



# FY16 Review

## Develop Uniqueness and Foundation for Growth

### 1) Good Products

- Develop “MUJI Selection” (high value-added product group) & “Always a Good Price” product policies
- Nurture Strategic Products



### 2) Good Environment

- New sales floor environments reflecting product policies; introduce new fixtures and enhance visual merchandising
- Improve sales capabilities (Interior Advisors & Styling Advisors)

### 3) Good Information

- Shift advertising media from TV & paper to Internet & SNS
- Initiatives targeting the social consumer

### 4) Infrastructure for Growth



- Establish Global Supply Chain Management (implement GMD systems and Global DC worldwide)
- Enforce procurement process
- Reengineer and integrate corporate functions in Japan as Global Headquarters

# 1) Good Products [FY16 Review]

## ■ MUJI Selection: Percentage to sales down 0.1 point in second half

MUJI Selection (high value-added products) 2 <sup>nd</sup> Half FY16						
Department	No. of Items	YoY diff	% to Sales	YoY diff	Unit price JPY	YoY diff
Apparel	697	-9.9	46.6%	-4.6	3,065	-59
Household	1,772	-1.2	44.0%	+3.0	1,333	-12
Food	260	+4.3	48.4%	-2.6	262	+7
Total	2,719	-3.4	45.2%	-0.1	1,148	-17

- MUJI Selection Percentage to sales down 0.1 point.
- Definition changed to “A selection of simple products made with good material, offering better QOL” in FY17

## ■ Sales of Strategic Items in Japan

		Apparel	Household	Food	Total
1 <sup>st</sup> Half FY16	% to Sales	58.8%	49.4%	55.4%	53.2%
2 <sup>nd</sup> Half FY16	% to Plan	95.3%	103.6%	102.5%	100.2%
	% to Sales	64.3%	55.2%	56.7%	58.4%

## 2) Good Environment [FY16 Review]

- More than half of the stores changed over to New Environment sales floor

	Number of Stores	FY13	FY14	FY15	FY16
	New stores with New Environment	9	26	42	23
	Renovated to New Environment	15	26	20	41
Total stores in Japan		385	401	414	418
Completion rate, cumulative		9%	22%	36%	60%
	New stores with New Environment	57	56	50	68
	Renovated to New Environment	0	9	12	18
Total stores outside Japan		255	301	344	403
Completion rate, cumulative		22%	41%	45%	51%
Group total completion rate, cumulative		14%	29%	44%	55%

All directly managed stores in Japan will complete the change over by FY18. Positive result in renovated stores has accelerated the renovation of licensed stores.

# 3) Good Information [FY16 Review]

FY16

## Evolved Communications at Stores (1)

- Specialized sales staff increased to improve sales skills

### Number of Specialized Sales Staff in Japan

	FY13	FY14	FY15	1 <sup>st</sup> Half FY16	FY16
<b>IA Interior Advisors</b>	<b>79</b>	<b>88</b>	<b>87</b>	<b>97</b>	<b>112</b>
<b>SA Styling Advisors</b>	<b>32</b>	<b>48</b>	<b>35</b>	<b>54</b>	<b>63</b>
<b>TA Tasting Advisors</b>	<b>0</b>	<b>53</b>	<b>145</b>	<b>185</b>	<b>249</b>

Advisors provide various customized services not only suggesting products but also offering tips for better lifestyle. Services expanding to include resizing/arrangement of ordered furniture and other interior goods directly at stores.



Interior Advisor  
Consultation Service



Organizing  
Consultation Service



Wall Storage  
in the Shape of Life



Styling Advisor  
Consultation Service

# 3) Good Information [FY16 Review]

## Evolved Communications at Stores (2)

### ■ Events and workshops



Create a Shiny Dorodango Mud Ball at MUJI Namba



Create your own patch-work My Bag at MUJI Terrace Mall Shonan



Create a picture frame of flying carp with pressed flowers at MUJI Nocty Plaza Mizonokuchi



Log sawing at MUJI Campsite by MUJI Meitestu



Create your own notebook with tape and pen at MUJI Lalaport TOKYO-BAY



Pick & taste strawberries at MUJI Celeo Kokubunji

**\*Store visit & purchase by MUJI passport members participated in the events (in 6 months)**



	Store Visit (No.)	Unit Purchase (JPY)
Not participated	3.9	13,981
Participated	9.2	29,259

- 80-100 events and workshops hosted monthly by stores locally. 8,000 people participated in total in Japan during second half FY16.
- Events are becoming one of the tools to develop customer loyalty; participants show higher number in store visits and purchases than non-participants\*.

# 3) Good Information [FY16 Review]

FY16

## MUJI Passport

### ■ Rolled out in five countries, including Japan

[Japan]

- 8.77 million downloads since May 2013 (as of February 2017)
- Improvement of application and service in progress

[Outside Japan]

- Roll-out in Hong Kong (August 2016) and Korea (October 2016)



\*Shopping award points and loyalty program may vary by country.






Status as of Feb. 2017	Japan	China	Taiwan	Hong Kong	Korea
No. of Downloads	8,770 k	3,270 k	390 k	100 k	50 k
Access frequency > once a month	5,220 k	620 k	310 k	80 k	50 k
Passport presented at stores	31%	21%	7%	6%	7%
In-store shopping with Passport	46%	31%	16%	13%	20%

# 3) Good Information [FY16 Review]

FY16

## APP, SNS and Other Online Communications

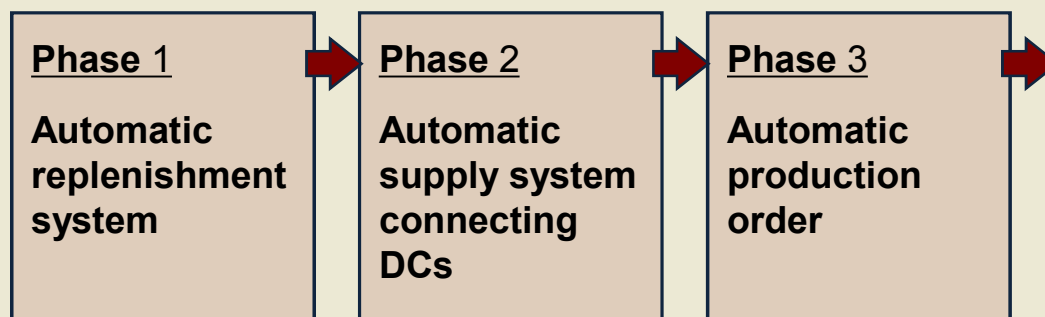
### ■ Number of followers

	FY13	FY14	FY15	FY16
MUJI.net	4,340 k	4,940 k	5,620 k	6,300 k
MUJI Card	430 k	440 k	490 k	560 k
<b>MUJI passport</b> (JAPAN) Gross No. of downloads	<b>1,380 k</b>	<b>3,340 k</b>	<b>6,110 k</b>	<b>8,770 k</b>
<b>MUJI passport</b> (Overseas) Gross No. of downloads	-	-	<b>2,670 k</b>	<b>3,800 k</b>
Facebook  (JAPAN)	<b>990 k</b>	<b>1,060 k</b>	<b>1,020 k</b>	<b>1,050 k</b>
Facebook  (Global)	<b>560 k</b>	<b>600 k</b>	<b>600 k</b>	<b>620 k</b>
 Twitter (JAPAN)	<b>290 k</b>	<b>380 k</b>	<b>460 k</b>	<b>530 k</b>
<b>LINE</b> 	<b>1,890 k</b>	<b>2,590 k</b>	<b>3,070 k</b>	<b>3,290 k</b>
Instagram	-	-	<b>180 k</b>	<b>560 k</b>
You  Tube	-	-	-	<b>20 k</b>

# 4) Infrastructure for Growth [FY16 Review]

## Implement Global Supply Chain Management

- Automated PO of staple products, implementation plan

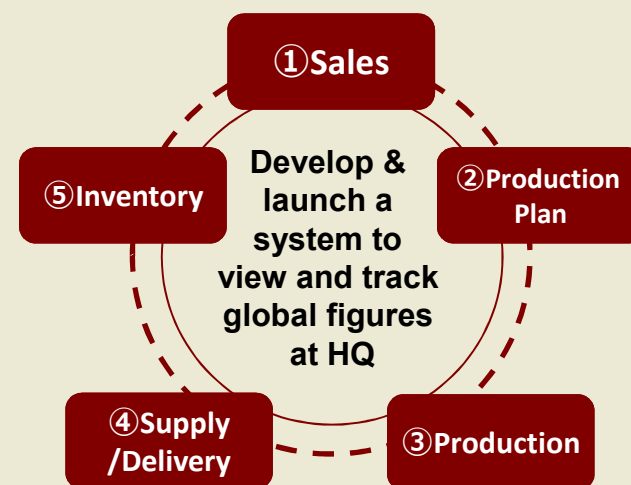


2014 SS Test  
2014 AW Start

2014 AW Test  
2015 SS Start

2015 AW Test  
2016 SS Start

### Ryohin Keikaku Group Global Supply Chain Management



- Centralize control of tag, quality, & specifications to HQ
- Establish an operating system so that local subsidiaries can concentrate on selling

- System implemented in each phase, but certain inconsistencies occurred during initial set up.

⇒ **To be continued in the next mid-term plan to improve accuracy**



# Mid-Term Business Plan FY14-FY16 Review

## Financial Target

FY16

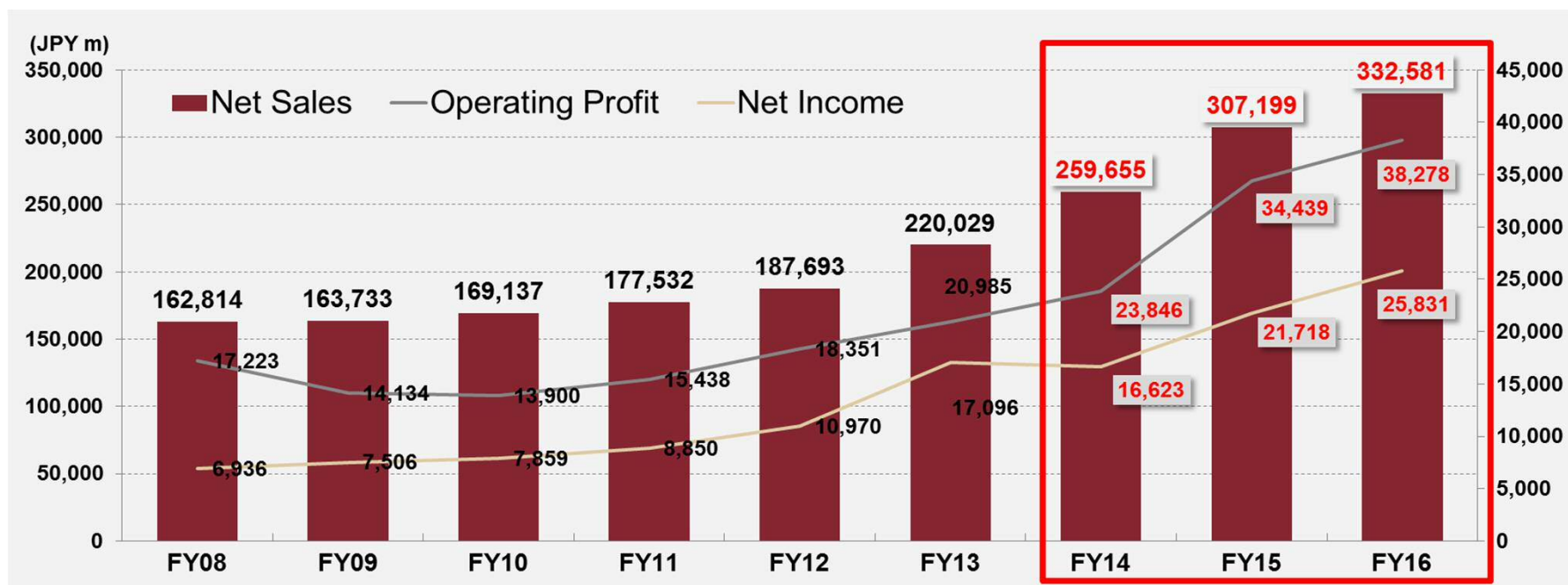
<b>Consolidated Net Sales</b>	<b>JPY 300 B</b>
<b>thereof Contribution Outside Japan</b>	<b>JPY 100 B</b>
<b>Consolidated Ordinary Profit</b>	<b>JPY 35 B</b>
<b>ROE</b>	<b>15% or greater</b>

### 3 policies for achievement:

- 1) Global Area Efficiency: Boost by 10%**
- 2) Global Logistics Expenditure: Reduce by 1% of sales**
- 3) Global E-Commerce: Increase to 8% of total sales (JPY 24 bn)**

# Financial Result [Mid-Term Review]

[in JPY M]	FY13	FY14		FY15		FY16	
	Actual	Actual	YoY	Actual	YoY	Actual	YoY
Net Sales	220,029	259,655	118.0%	307,199	118.3%	332,581	108.3%
Operating Profit	20,985	23,846	114.0%	34,439	144.4%	38,278	111.1%
Net Income	17,096	16,623	97.2%	21,718	130.6%	25,831	118.9%



# Comments to Results (1)

## [Mid-Term Review]

FY16

Targets [Financial]			Comments
	FY16 Actual	Result	
<b>Consolidated net sales</b> <b>JPY 300 billion</b>	<b>JPY 32.5 billion</b>	<b>Excellent</b> ◎	Achieved target 1 year ahead of plan. Overseas contribution increased while stable in Japan.
<b>Overseas net sales contribution</b> <b>JPY 100 billion</b>	<b>JPY 117.5 billion</b>	<b>Excellent</b> ◎	Achieved target 1 year ahead of plan. New stores successful in East Asia, China in particular.
<b>Consolidated ordinary profit</b> <b>JPY 35 billion</b>	<b>JPY 38.58 billion</b>	<b>Excellent</b> ◎	Achieved target via sales growth in East Asia
<b>ROE 15% or greater</b>	<b>17.7%</b>	<b>Excellent</b> ◎	Achieved target. Double-digit growth to continue.

# Comments to Results (2)

## [Mid-Term Review]

FY16

Targets [Policy]	FY16 Actual	Result	Comments
<b>Total number of stores worldwide: 888</b>	<b>Japan: 418 Others: 403 Total: 821</b> <b>*Including 200 in China</b>	<b>Poor</b> ✕	Japan: Target number of store openings achieved, but closing of inside Seiyu locations reduced the net value vs plan. Other: Below target due to store closings in Europe for restructuring and opening delays in new countries.
<b>Global area efficiency up 10%</b>	<b>+15.0% vs. FY13</b>	<b>Excellent</b> ◎	like-for-like store sales growth YoY (vs FY13): Japan: +2.1% (+10.0%) Others: +4.6% (+24.7%)
<b>Renovations to New Environment Japan: 60 Others: 40</b>	<b>Japan: 87 Others: 39</b>	<b>Good</b> ○	Renovations in Japan achieved plan; progress seen not only in Asia but also at flagships in Europe
<b>Market and set appropriate pricing of global strategic products</b>	—	<b>Fair</b> △	Price reduced but strong yen may require price increases. Need a system to reduce price without affecting profitability.

# Comments to Results (3)

## [Mid-Term Review]

FY16

Targets [Policy]			Comments
	FY16 Est	Result	
<b>Reduce global logistics expenditure by 1% of sales (JPY 3 billion)</b>	<b>JPY 2.7 billion</b>	<b>Poor</b> ×	Japan: Cost reduction in Hatoyama DC limited due to higher inventory vs plan. Overseas: Positive impact of preferential tariffs significant.
<b>Improve global inventory efficiency by 20% *in consolidated DSO</b>	<b>Down 33.9% vs FY13</b>	<b>Poor</b> ×	FY13: 53.0 days, FY14: 62.4d, FY15: 64.7d, FY16: 70.9d Stock increased mainly due to growth in sales and transactions outside Japan. Household inventory in Japan increased for strategic reasons.
<b>Increase global EC to 8% of total sales (JPY 24 billion)</b>	<b>Approx. JPY 22.6 billion</b>	<b>Poor</b> ×	Achieved 94% vs target. System under revision to align with local purchasing trends and to develop a communication infrastructure.



## **4. New Mid-Term Business Plan FY17 - FY20**

# Mid-Term Business Plan FY17-FY20

## POLICY

**Focus on employee proficiency,  
developing a culture and systems  
to promote Conscience and  
Creativity across our organization  
worldwide.**

# Mid-Term Business Plan FY17-FY20

## Targets and Priorities

### ■ Targets

Unique items /  
Affordable prices

Quality & price for logical reasons,  
contributing local lifestyles

Professional & diverse affiliates

Sustainable growth

### ■ Priorities

• Global Supply Chain Management

• Product Development

• Global HR Management

• Group Corporate Governance



# Mid-Term Business Plan FY17-FY20

## Action Plan

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### ■ Detail per priority

#### • Global Supply Chain Management

- ▶ Improve planning accuracy to reduce in-store discounting (by 20% in Apparel)
- ▶ Review sourcing process to decrease warehouse stock level (by 50% at distribution centers)

#### • Product Development

- ▶ Develop core items that fit to any local lifestyle
  - More flagship stores in major countries/regions
  - Enlarge stores in Japan (100 stores with 1600 m2 capacity)
  - Renovate like-for-like stores (20 stores/year in China)
- ▶ Narrow the price gap by location (same retail price for same strategic item)

#### • Global HR Management

- ▶ Set up a global HR system
- ▶ Start global incentive plan

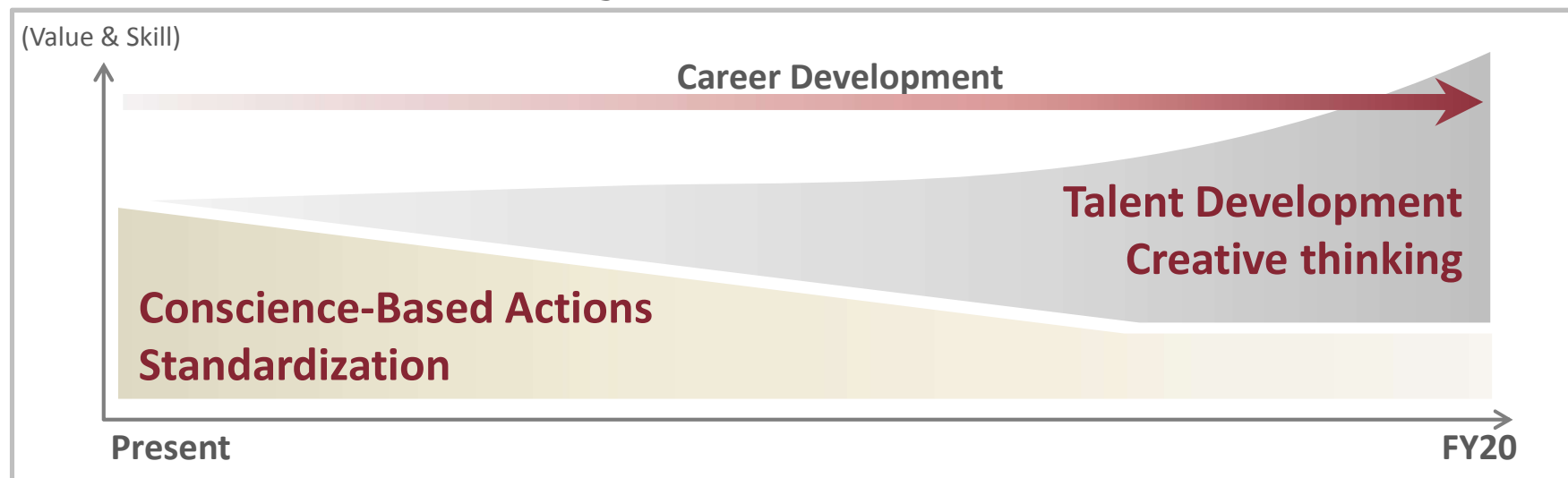
#### • Group Corporate Governance

- ▶ Apply same standards within the group

# Mid-Term Business Plan FY17-FY20

## Action Plan

### ■ Develop a culture and systems



- First, install a system to standardize the same work done by various people and processes.
  - Next, foster a culture of creativity and empowerment.
- ⇒ Sustainable development of brand and corporate values

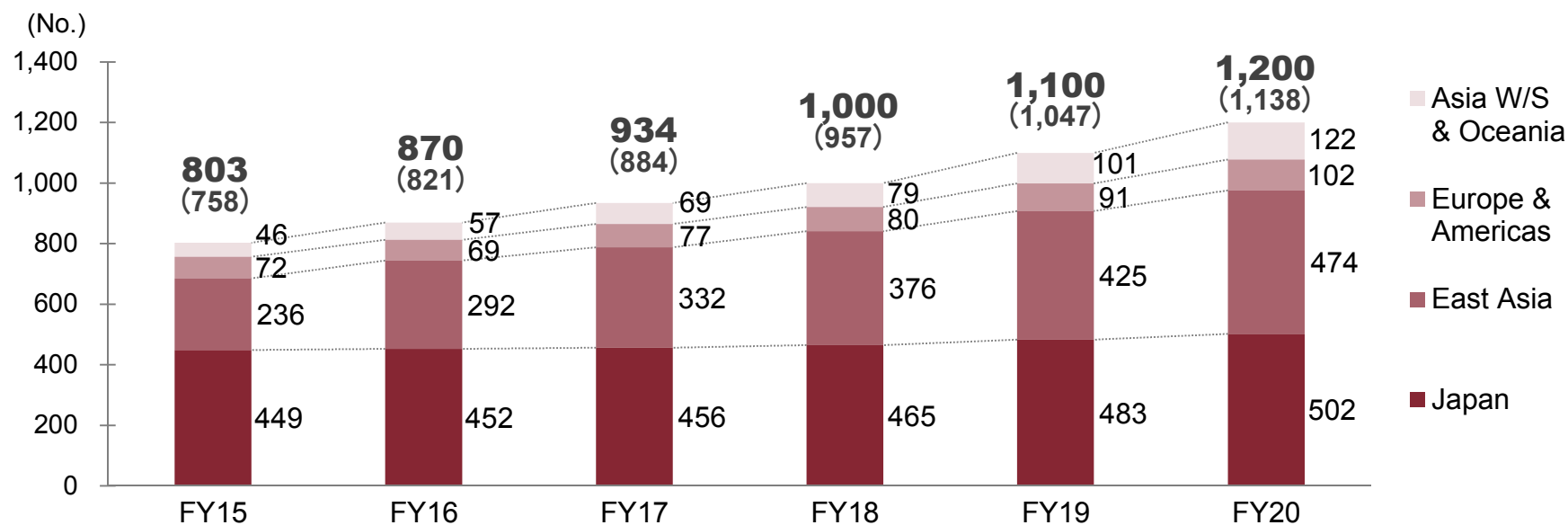
# Mid-Term Business Plan FY17-FY20

## Financial Targets FY20

**Revenue** JPY **500 B**      **ROE**      **15% or greater**

**Op. profit** JPY **60 B**      **Stores Worldwide** **1,200**

## Target No. of Stores including Café&Meal MUJI and IDÉE (MUJI stores in parentheses)



# Mid-Term Business Plan FY17-FY20

## Policy on Shareholder Returns

We will continue to invest in store openings/renovations to increase our ability to communicate with customers. We will also invest in the information systems for back office work and digital marketing. We estimate annual investments of between JPY 10 billion and JPY 15 billion, although this amount may become higher as a result of ideas for future growth. At the same time, we are committed to returning profits to our shareholders through an annual payout ratio of 30% of consolidated earnings.

	FY12	FY13	FY14	FY15	FY16 Estimate	FY17 Estimate
Dividend/share (JPY)	<b>110</b>	<b>155</b>	<b>190</b>	<b>246</b>	<b>293</b>	<b>324</b>
Dividend Total (JPY M)	<b>2,947</b>	<b>4,110</b>	<b>5,048</b>	<b>6,545</b>	<b>7,768</b>	<b>8,560</b>
Dividend payout ratio (consolidated)	<b>26.9%</b>	<b>24.0%</b>	<b>30.3%</b>	<b>30.1%</b>	<b>30.1%</b>	<b>30.0%</b>
ROE	<b>12.5%</b>	<b>17.0%</b>	<b>14.3%</b>	<b>16.4%</b>	<b>17.7%</b>	[15%+]



## **5. Plan for FY17**

# FY17 Management Policy

- 1) Increase sales floor efficiency by marketing highly attractive items**
- 2) Develop global supply chain management**
- 3) Train & develop international business professionals**
- 4) Establish a resilient corporate culture through vision-based action and standard operating procedures**

# FY17 Business Plan Premise [Japan]

## ■ Stores & Sales

\* including small-format stores

No. of stores by sales channel	End/FY16	FY17			
		Opened	Closed	Net	End of period
Directly managed stores *	<b>328</b>	<b>16</b>	<b>-3</b>	<b>+13</b>	<b>341</b>
Licensed stores (LS) *	<b>67</b>	<b>3</b>	<b>-3</b>	<b>0</b>	<b>67</b>
Seiyu GK	<b>23</b>	<b>0</b>	<b>-7</b>	<b>-7</b>	<b>16</b>
<b>MUJI Japan Total</b>	<b>418</b>	<b>19</b>	<b>-13</b>	<b>+6</b>	<b>424</b>
<b>Café&amp;Meal</b>	<b>23</b>	<b>2</b>	<b>0</b>	<b>+2</b>	<b>25</b>

Sales YoY by sales channel	1 <sup>st</sup> Half	Full Year
Like-for-like / Directly managed stores	<b>104.0%</b>	<b>104.0%</b>
Online store	<b>115.0%</b>	<b>115.0%</b>
Sales to LS/Seiyu/FamilyMart conv. stores	<b>107.7%</b>	<b>102.4%</b>
Supply to overseas **	<b>123.0%</b>	<b>108.6%</b>

\*\* Booked as intra-group sales since January 2013 (offset in consolidated income statement)

# FY17 Business Plan Premise

## [Outside Japan]

FY16

### ■ Stores & Sales

No. of stores by Region	End/FY16	FY17			End of period
		Opened	Closed	Net	
East Asia	<b>279</b>	<b>38</b>	<b>-1</b>	<b>+37</b>	<b>316</b>
Europe & Americas	<b>69</b>	<b>9</b>	<b>-1</b>	<b>+8</b>	<b>77</b>
Asia West/South & Oceania	<b>55</b>	<b>15</b>	<b>-3</b>	<b>+12</b>	<b>67</b>
<b>Total outside Japan</b>	<b>403</b>	<b>62</b>	<b>-5</b>	<b>+57</b>	<b>460</b>

Sales YoY	1 <sup>st</sup> Half	Full Year
<b>Like-for-like stores</b>	<b>103.0%</b>	<b>104.3%</b>

Exchange rate for Consolidation	FY16	FY17 Plan (monthly average rate Apr/2016)
USD	<b>JPY 108.84</b>	<b>JPY 109.83</b>
EUR	<b>JPY 119.79</b>	<b>JPY 124.51</b>
RMB	<b>JPY 16.37</b>	<b>JPY 16.94</b>



# FY17 Income Statement Plan

## [Consolidated]

- **Target: 7 consecutive years of double-digit growth in consolidated operating profit and ordinary profit**

FY17 Plan	JPY M	% to sales	YoY	YoY Diff. JPY M	YoY Diff. % to sales
Net Sales	372,900	100.0%	112.1%	40,319	-
GP & Operating Revenue	184,900	49.6%	111.5%	19,039	-0.3%
S.G.A.	142,600	38.2%	111.8%	15,017	-0.1%
Operating Profit	42,300	11.3%	110.5%	4,022	-0.2%
Ordinary Profit	42,500	11.4%	110.2%	3,918	-0.2%
Net Income	28,500	7.6%	110.3%	2,669	-0.1%

- **Net Sales** : Increase sales quantity by optimizing retail prices outside Japan and promoting customer visits in Japan.
- **Gross Profit** : Improve GP ratio by continuous cost of sales reduction and inventory control.
- **S.G.A.**: Streamline intra-group transactions between HQ in Japan and overseas affiliates. Control logistic and warehousing costs in detail.

# FY17 Income Statement Plan

## [by Region]

- **Stable like-for-like growth combined with active store openings/renovations**

FY17 Plan by Region	like-for-like Sales	Revenue from operations		Operating profit	
	YoY	JPY M	YoY	JPY M	YoY or Diff.
Japan Total	<b>104.0%</b>	<b>233,200</b>	<b>108.1%</b>	<b>24,000</b>	<b>109.3%</b>
East Asia	<b>103.6%</b>	<b>105,500</b>	<b>117.6%</b>	<b>18,200</b>	<b>110.6%</b>
Europe & Americas	<b>105.6%</b>	<b>21,600</b>	<b>122.7%</b>	<b>-800</b>	(+52 JPY M)
Asia West/South & Oceania	<b>107.6%</b>	<b>13,600</b>	<b>132.6%</b>	<b>300</b>	<b>217.4%</b>
Total outside Japan	<b>104.3%</b>	<b>140,700</b>	<b>119.7%</b>	<b>17,700</b>	<b>112.5%</b>

# FY17 Investment Plan [Consolidated]

- Continue with New Environment installation and information system improvement

[Unit: JPY M]		FY17 Plan		
		Non-consolidated	Affiliates	Consolidated
	<b>New stores</b>	<b>1,500</b>	<b>3,800</b>	<b>5,300</b>
	<b>Existing stores</b>	<b>1,000</b>	<b>1,500</b>	<b>2,500</b>
	<b>Logistics</b>	<b>800</b>	<b>-</b>	<b>800</b>
	<b>Property, Plant &amp; Equipment</b>	<b>3,300</b>	<b>5,300</b>	<b>8,600</b>
	<b>Intangible fixed assets (IT)</b>	<b>4,000</b>	<b>-</b>	<b>4,000</b>
	<b>Other</b>	<b>400</b>	<b>200</b>	<b>600</b>
	<b>Total Capital Expenditure</b>	<b>7,700</b>	<b>5,500</b>	<b>13,200</b>

- **Existing stores:** Invest to increase capacity, relocate and renovate, and build new environments.
- **IT:** Invest in online store and system infrastructure.



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